

# Collection Alternatives – What You Can Do



**Tax**  
**FORUM**  
2009  
*IRS Nationwide*

# Collection Process

- Three Stages of the Collection Process
- Statutory Period of Assessment for Collection
- Collection Due Process
- Collection Appeal Program



# “What if I Don’t Do Anything?”

- Enforcement Actions
  - Levies on wages, salary, and other income
  - Notice of federal tax lien
  - Seizure and sale of assets
  - Suits by the IRS





# “But What If I Can’t Pay in Full?”

- Collection Alternatives
  - Extension of Time to Pay
  - Installment Agreement
  - Offer in Compromise
  - Currently not Collectible

# “How Does the IRS Determine What I Can Pay?”

- Allowable Living Expenses (ALE)
  - National Standards
  - Local Standards
    - Housing and Utilities
    - Transportation



# Installment Agreements

- Guaranteed (less than \$10K)
- Streamlined (less than \$25K)
  - Types: Direct Debit, Payroll Deduction, or Regular
- Partial Payment Installment Agreement
- User Fees



# Offer in Compromise

- Types of Offers
  - Doubt as to Collectibility
  - Doubt as to Liability
  - Effective Tax Administration





# Offer in Compromise (cont.)

- Terms:
  - Lump sum (cash) - 5 payments or less
  - Short-Term Periodic – 24 months or less
  - Deferred Periodic Payment – length of time remaining on statutory period of assessment for collection





# Offer in Compromise (cont.)

- Forms and required payments
- Investigative process
  - Reasonable Collection Potential
  - Determination (return, rejection, withdrawal, termination, or acceptance)



# Currently Not Collectible (CNC)

- Types of CNC
- Financial Analysis (use of ALE)
- Provisions of CNC



# Role of Taxpayer Advocate Service (TAS)

You may be eligible for TAS assistance if you:

- Are experiencing economic harm or significant cost,
- Have experienced a delay of more than 30 days to resolve your tax issue, or
- Have had no response or resolution to your problem by the date that was promised by the IRS.



# Best Practices for Collection Alternatives

- Contact IRS as soon as possible
- Provide all requested information and respond to IRS deadlines
- If you disagree, consider Appeals and if problems persist, contact TAS.

